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SUBJECT: IRAN PROFITING FROM KARBALA'S NEED FOR BRICKS

Classified By: PRT Team Leader Don Cooke for reasons 1.4 (b) and (d).

This is a PRT Karbala reporting cable.

¶1. (S) Summary: Iranian companies are the primary beneficiaries of Karbala,s need for bricks to rebuild. The provincial government claims it wishes to foster a local brickmaking capability and five brick factories have been established here. During a visit to the site of the factories on July 12, PRT officers found fully functional facilities kept idle by lack of fuel oil due to political and bureaucratic entanglements. They also encountered impoverished families enduring harsh conditions in an attempt to earn a living making bricks. End Summary.

Karbala Rebuilds...

¶2. (SBU) With public and private structures crumbling in the wake of years of struggle and neglect, Karbala has a massive need for bricks with which to rebuild. In response, the provincial government has sought to develop a local brickmaking capability by providing free land for factories at a remote location some 40 miles northwest of the Karbala City near Lake Razzaza. To date, five facilities have been established at the site. According to public- and private-sector contacts here, provincial officials promised to provide the factories fuel oil with which to fire their kilns at the same, subsidized rate the government pays for the commodity, thus giving them the chance to compete with producers from elsewhere in Iraq and abroad.

...With Iranian Bricks

¶3. (C) So far, however, Iran has been the primary beneficiary of Karbala,s need for bricks. Generally speaking, Iraqi masonry products are sturdy enough for load-bearing applications. Iranian bricks, by contrast, have larger holes and are less structurally sound; they are also shipped shrink-wrapped in plastic to keep them from falling apart. Although their utility in load-bearing applications is highly doubtful, they are cheap; our contacts tell us this is because Tehran heavily subsidizes the industry. Iranian bricks are seen everywhere in Karbala and are easily identified by their ochre hue. The bricks used to face the pillars of FOB Husayniyah,s gates are Iranian, each bearing a stamp (in Farsi) of the Kermanshah brick works.

¶4. (S) Contacts here ascribe the ubiquity of Iranian bricks here to Governor Aqeel al-Khazali,s (Da'wa) well-known affinity for Iran, where his wife was born and where he spent a number of years. However, Provincial Council Chairman Abdul al-Al al-Yasseri on a number of occasions recently has bemoaned the dearth of Karbala-made bricks. Earlier this month, for example, he told PRT officers that -- owing to 'technical difficulties' -- the brick factories here were not yet ready to produce. Once they were, he said, Karbala bricks would dominate the local market.

Visiting the Brick Factories

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15. (SBU) PRT officers paid an unannounced visit to the site of the five Karbala brick factories on July 12. Situated in the open desert near Lake Razzaza, the factories and their yards sprawl adjacent to pits from which the brick clay is mined. A single irrigation/effluent canal cuts across a parched landscape dotted with crude huts, derelict vehicles, and the occasional camel. We were welcomed at the first factory by workers and their families. All were dressed in dirty clothes and many, particularly the children, exhibited skin lesions that the elders claimed were from bathing in the canal. Consumption of the canal water produces other health problems, including chronic diarrhea, they said. The plant manager soon appeared and led the group on a tour of the facility.

#### No Oil for the Kilns

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16. (SBU) The manager led the group through a yard stacked with unfired bricks, which he estimated to number about 5 million. Under normal operations, he said, the bricks would sit in the yard to cure for about three days before being fired. However, the plant lacks the heavy fuel oil needed for the kiln. Asked how long the bricks in the yard had been sitting, he said 10 months, which was the last time the facility received any fuel oil for its 30,000-liter tank. According to the manager, the plant is required to request fuel oil allotments via the provincial Office of Development, which then passes the request to Baghdad.

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17. (SBU) Eager to show off the factory's functionality, workers started the (gasoline generator-powered) brickmaking machinery. The facility is able to produce 100,000 bricks per day. Asked the origin of the plant's equipment, the manager said it was German machinery that had been assembled by Iranians. However, the PRT visitors noticed the devices (featuring open belts and gears that appeared hazardous, an observation confirmed when the manager showed a bandaged leg and foot he said had gotten caught in the works) bore Farsi and not German inscriptions.

#### The Competition

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18. (SBU) The manager concluded the tour at the mud-lined kiln, which was filled halfway with some 385,000 bricks waiting to be fired. Queried about where Karbala was getting its bricks while his factory (along with three of the other five; one already has gone out of business) sits idle for lack of heavy fuel oil, the manager said the competitors are brickmakers in Baghdad, Diyala, and elsewhere in Iraq, and especially in Iran. Bricks from Iran enter Iraq at Mahran (Zurbatiyah), he noted.

19. (S) The second brick factory PRT officers visited was much the same as the first, except that it featured more modern-looking Chinese machinery. Although in operation for only two months, piles of unfired bricks (totaling approximately 3.5 million) lay stacked in the lot and the shift supervisor who led the tour echoed the complaint that the lack of promised heavy fuel oil made it impossible to operate the kilns. He attributed the absence of fuel to bureaucracy: Provincial authorities (he would not say who) insisted on the brick plants being fully licensed in order to receive the oil. Yet, although his factory and several of the others were operational (a key licensure requirement), the licenses were being held up for lack of required signatures. The shift supervisor noted that, in his factory's case, the owners had been working the licensing process for 18 months.

#### A Tough Way to Live

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¶10. (SBU) As at the first factory, the workers at the second were all from impoverished families. According to the shift supervisor, a labor broker brought 15 families to the site in exchange for 2.5 million Iraq dinars per week. The shift supervisor said the rule is no children under the age of 14 are allowed to work, but -- with little else to do (there is no school or recreation facility) -- the potential for abuse of this rule is high. Although smiling and hospitable, the children and the men (the women remained cloistered in nearby huts made from stacks of uncured bricks) appeared dirty, wan and malnourished. The shift supervisor appealed to the PRT to help provide clean water and a schoolroom ("we will provide the teacher!") for the brickmakers.

Comment

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¶11. (S) Iranian brickmakers are the clear winner as long as provincial officials here continue to talk out of both sides of their mouths on facilitating the production of bricks in Karbala. The losers, besides the owners of the factories, are the Iraqi families whose lives are tied to the fortunes of these enterprises. We plan to confront provincial officials with what we learned during our unannounced visit to the site and possibly to raise the licensure issue with Governor Aqeel as well. Meanwhile, PRT members are drafting QRF proposals to help improve the lives of the brickmaking community in the desert near Lake Razzaza. End Comment.

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